

**Supplemental Reporting Document
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June 2006 Investment Committee Meeting
(April 2006 Reporting Period)**

Chief Investment Officer's/Assistant Executive Officer's Report

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TARGET PERCENTAGE COMPARISON
ASSET ALLOCATION¹
As of April 30, 2006

(A) <u>Asset Class</u>	(B) <u>Market Value</u> (\$ Billion)	(C) <u>Current</u> <u>Allocation</u>	(D) <u>Target</u>	(E) <u>Macro</u> <u>Ranges</u>	(F) <u>Difference</u> <u>(C-D)</u>
Total Cash Equivalents	1.4	0.7 %	0.0 %		0.7 %
Total AIM: Direct/Partnership	10.5	5.0	6.0	3-9 %	-1.0
Total Global Fixed Income	50.2	23.8	26.0	21-31 %	-2.2
Equities					
Domestic ²	85.9	40.7	40.0		0.7
International	<u>52.1</u>	<u>24.7</u>	<u>20.0</u>		<u>4.7</u>
Total Equities	138.1	65.4	60.0	61-71 %	5.4
Total Real Estate	10.8	5.1	8.0	4-12 %	-2.9
Total Equities & Real Estate	<u>148.9</u>	<u>70.5</u>	<u>68.0</u>		2.5
Total Fund	<u><u>211.1</u></u>	<u><u>100.0 %</u></u>	<u><u>100.0 %</u></u>		

¹ As allocated to managers.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$179.5M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

TARGET DOLLAR COMPARISON ASSET ALLOCATION

As of April 30, 2006

(A) <u>Asset Class</u>	(B) Current <u>Allocation</u>	(C) <u>Market Value</u> (\$ Billion)	(D) <u>New Policy</u> ¹ (\$ Billion)	(E) Difference <u>(D-C)</u> (\$ Billion)
Total Cash Equivalents	0.7 %	1.4	0.0	-1.4
Total AIM: Direct/Partnership	5.0	10.5	12.7	2.2
Total Global Fixed Income	23.8	50.2	54.9	4.6
Equities				
Domestic ²	40.7	85.9	84.4	-1.5
International	<u>24.7</u>	<u>52.1</u>	<u>42.2</u>	<u>-9.9</u>
Total Equities	65.4	138.1	126.6	-11.4
Total Real Estate	5.1	10.8	16.9	6.1
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Total Equities & Real Estate	70.5	148.9	143.5	-5.4
	<hr/>	<hr/>	<hr/>	
Total Fund	<u>100.0 %</u>	<u>211.1</u>	<u>211.1</u>	

¹ New Policy: Strategic asset allocation targets effective January 1, 2005.

² Included is MDP Investment: LM Capital Investment: Total Market Value=\$179.5M.

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MONTHLY PROGRESS REPORT

ASSET ALLOCATION¹

As of April 30, 2006

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	<u>3/31/2006 Market Value (\$ Billion)</u>	<u>4/30/2006 Market Value (\$ Billion)</u>	<u>Difference (C-B) (\$ Billion)</u>	<u>Target (\$ Billion)</u>
Total Cash Equivalents	0.7	1.4	0.7	0.0
Total AIM: Direct/Partnership	10.5	10.5	0.0	12.7
Total Global Fixed Income	50.1	50.2	0.1	54.9
Equities				
Domestic ²	85.0	85.9	0.9	84.4
International	<u>49.9</u>	<u>52.1</u>	<u>2.2</u>	<u>42.2</u>
Total Equities	134.9	138.1	3.1	126.6
Total Real Estate	10.9	10.8	0.0	16.9
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Total Equities & Real Estate	145.8	148.9	3.1	143.5
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund	<u>207.1</u>	<u>211.1</u>	<u>3.9</u>	<u>211.1</u>

¹ Monthly progress report toward new policy targets.

² Included is MDP Investment: LM Capital Investment: Total Market Value=\$179.5M.

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BOOK VS MARKET VALUE

As of April 30, 2006

(A) <u>Asset Class</u>	(B) <u>Book</u> <u>Value</u> (\$ Billion)	(C) <u>Market</u> <u>Value</u> (\$ Billion)	(D) <u>Difference</u> <u>(C - B)</u> (\$ Billion)
Total Cash Equivalents	1.4	1.4	0.0
Total AIM: Direct/Partnership	12.5	10.5	-2.0
Total Global Fixed Income	51.0	50.2	-0.8
Equities			
Domestic ¹	49.5	85.9	36.4
International	<u>37.6</u>	<u>52.1</u>	<u>14.5</u>
Total Equities	87.2	138.1	50.9
Total Real Estate	11.2	10.8	-0.3
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Total Equities & Real Estate	98.3	148.9	50.6
	<hr/>	<hr/>	<hr/>
Total Fund	<u><u>163.3</u></u>	<u><u>211.1</u></u>	<u><u>47.8</u></u>

¹ Included is MDP Investment- LM Capital Investment: Total Book Value=~~\$185.3M~~, Total Market Value=~~\$179.5M~~.

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GROSS PERFORMANCE VS EXPECTED RETURNS

One Year
May 1, 2005 to April 30, 2006

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	0.7 %	4.1 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.0	28.2	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	23.8	0.4	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	40.7	18.7	9.6	17.0	-7.4 - 26.6
International	<u>24.7</u>	<u>37.8</u>	9.1	19.5	-10.4 - 28.6
Total Equities	65.4	25.3			
Total Real Estate	5.1	48.9	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>19.5</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

¹ Asset Allocation Workshop, October 2004

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When summing net amounts on this report, there may be breakage.

NET PERFORMANCE VS EXPECTED RETURNS

One Year
May 1, 2005 to April 30, 2006

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	0.7 %	4.1 %	5.2 %	1.1 %	4.1 - 6.3 %
Total AIM	5.0	28.1	13.5	30.0	-16.5 - 43.5
Total Global Fixed Income	23.8	0.4	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	40.7	18.6	9.6	17.0	-7.4 - 26.6
International	<u>24.7</u>	<u>37.7</u>	9.1	19.5	-10.4 - 28.6
Total Equities	65.4	25.2			
Total Real Estate	5.1	38.9	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>19.0</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

¹ Asset Allocation Workshop, October 2004

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

GROSS RETURNS
One Year
May 1, 2005 to April 30, 2006

	(A)	(B)	(C)
<u>Asset Classes</u>	<u>Reported Gross Return</u>	<u>Expenses¹ (Percent)</u>	<u>Net Return (A-B)</u>
Total Cash Equivalents	4.11%	0.00%	4.11%
Total AIM	28.17%	0.03%	28.14%
Total Global Fixed Income	0.44%	0.02%	0.42%
Equities			
Domestic	18.68%	0.04%	18.64%
International	<u>37.75%</u>	<u>0.08%</u>	<u>37.67%</u>
Total Equities	25.25%	0.05%	25.20%
Total Real Estate	48.93%	10.08%	38.85%
	<hr/>	<hr/>	<hr/>
Total Fund	19.46%	0.48%	18.98%

¹ Does not include Real Estate Advisor Fees or External Equity and Fixed Income manager base fees which are already netted out of return. Does include AIM Partnership and Direct Component fees.

CALPERS INVESTMENT IN CALIFORNIA as of April 30, 2006

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of	
	Portfolio	California	California	Asset Class	
<u>Asset Class</u>	<u>Value</u>	<u>(Commitment/</u>	<u>Investments</u>	<u>(D/B)</u>	<u>Program Description or Assumption</u>
	<u>(\$ millions)</u>	<u>Investments)</u> ¹	<u>(\$ millions)</u>	<u>%</u>	
Real Estate - Mortgages					
AFL-CIO (HIT)	96.6	2.4	2.4	3	Union related mortgage fund
CA Community Mortgage Fund	30.0	30.0	30.0	100	Small commercial and multi-family residential mortgages to economically targeted areas
Commercial (Whole Loans/MBS)	550.2	66.0	66.0	12	Commercial whole loans, mortgage backed securities and Great Northern program.
Member Home Loan Program	677.2	670.5	670.5	99	Housing loans for PERS members (includes \$.89 mill of single family MBS)
Ullico	<u>13.2</u>	<u>13.2</u>	<u>13.2</u>	<u>100</u>	No new additional commitments will be issued as of 3/27/98. All commitments issued.
Subtotal	1,367.3	782.2	782.2	57 %	
Core Portfolio					
AFL-CIO (BIT)	137.5	23.0	23.0	17	Union related mortgage funds
CORE - Equity	8,334.6	2,104.0	2,104.0	25	CORE Equity programs
PREES- REITS	729.7	182.4	182.4	25	Public companies
Non-Core Portfolio					
Senior Housing	349.6	64.5	64.5	18	\$200m program approved in 6/00 by Investment Committee, approximately 15-20% of which will be CA based. Program to acquire/develop senior housing facilities throughout the United States. Leverage up to 65% loan to portfolio value for company level distributions. 65% top be used on all acquisition/development going forward.
California Urban Real Estate- (CURE)					
Pacific City Homes	97.6	250.0	97.8	100	Approved 6/01, pending final contract execution, CityHome Partners will focus on developing affordable, for sale, single-family residential communities in urban infill locations throughout California.
BUILD (Bridge)	57.3	175.0	57.3	100	Approved 6/00 by Investment Committee, contract finalized 1/01. Program focusing on early phase capital for the development of affordable housing in urban California. Subsequent to 09/30/02, Bridge invested approximately 11.9 million in the CURE program.
Buchanan Urban Investors	190.1	56.4	56.4	30	Buchanan Urban Investors provides financing for multifamily, industrial, retail, office, mixed use, and storage facilities in urban
CalSmart	144.6	121.5	121.5	84	Program for a broad variety of urban infill development/redevelopment throughout California.
Capri Urban Capital	54.	135.0	54.0	100	Approved in 06/01 by the Investment Committee. Capri's focus is promoting mezzanine debt for multi-family projects. Subsequent to 09/30/02, Capri invested approximately \$3.9 million in the CURE program.
CIM	285.9	245.9	245.9	86	Approved 6/00 by Investment Committee, contract executed 12/01/00. Program for urban development of street retail and mixed use development/redevelopment properties.
CUIP (MacFarlane)	293.2	111.4	111.4	38	Urban Infill Investments in California urban areas
Meruelo	149.7	149.7	149.7	100	
Institutional Housing Partners IV	3.9	40.0	3.9	100	Approved in 6/01, IHP will focus on equity investments (development and redevelopment properties) for commercial and multi-family residential and mixed-use projects in infill locations throughout California.
Kennedy Associates	-0.5	150.0	0.0	0	Approved 6/00 by Investment Committee. Program for development/redevelopment of urban office, office r&d and industrial properties
Klein Financial Corporation JV	1.4	50.0	1.4	100	CURE-Affordable Multifamily Housing/ 60% Leverage
Legacy Partners	11.3	11.3	11.3	100	CURE-Affordable Multifamily Housing/ 60% Leverage
R Street Residential	20.4	20.4	20.4	100	
Housing					
Acquisition & Development	42.7	42.7	42.7	100	California land acquisition & development program
National Housing	1,586.1	5,071.1	741.8	47	National Housing Program
Single Family Housing	68.2	68.2	68.2	100	California Single Family Housing program

CALPERS INVESTMENT IN CALIFORNIA as of April 30, 2006

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of Asset Class (D/B)	
<u>Asset Class</u>	<u>Portfolio Value (\$ millions)</u>	<u>California (Commitment/ Investments)¹ (\$ millions)</u>	<u>California Investments (\$ millions)</u>	<u>%</u>	<u>Program Description or Assumption</u>
Natural Resources					
Agricultural	120.6	95.3	95.3	79	Pacific Vineyard Partners will acquire and develop vineyards for high end wineries. The program will sell off the developed land to interested parties upon full maturity of the vineyards, approximately 7 years. Leverage max 35% loan to portfolio value.
Timber	145.8	N/A	N/A	N/A	Timber holdings in conjunction with advisory firms throughout the United States. Up to 40% approved at the discretion of SIO. Most likely will use 35% leverage on all acquisition/development. Up to 25% loan to portfolio value for company level debt, policy allows for up to 40%. Most likely will use 20-25% leverage going forward.
Opportunistic					
DIVCO West / Pagemill	23.1	175.0	23.1	100	Opportunity Fund FUND focused on buying distressed high-tech Silicon Valley properties for releasing and repositioning.
Other Opportunistic Real Estate	804.8	30.0	30.0	4	
International					
International Real Estate	700.8	N/A	N/A	N/A	International real estate.
Subtotal	<u>14,352.4</u>	<u>9,372.8</u>	<u>4,306.1</u>	<u>30</u> %	Real estate commitment values
SW6KRE - CORE MV Adjustment	-2,941.0				
SW8KRE - SPECIALIZED MV Adjustment	<u>-589.5</u>				
Total Real Estate	12,189.2	10,155.0	5,088.2	42 %	
AIM: Partnership Component	10,500.9	1,900.0	1,600.0	15	Includes commitments through April 30, 2006
Domestic Equity	85,915.2	12,569.0	12,569.0	15	CA investment is approximately 15%
International Equity	<u>52,144.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Equities	<u>148,560.7</u>	<u>14,469.0</u>	<u>14,169.0</u>	<u>10</u> %	
Total Real Estate & Equities	160,750.0	24,623.9	19,257.2	12 %	Of total portfolio CA investments in real estate & equities: 9.1%
Cash Equivalents	1,444.8	0.0	0.0	0	On deposit at the Treasurer's Office: \$807.98
Domestic Fixed Income					
Corporate Bonds	18,037.2	492.6	492.6	3	Companies headquartered in CA
Mortgage Pass-Throughs/CMOs	14,519.4	2,032.7	2,032.7	14	CA investment assumed to be 10% GNMA; 20% FNMA; 20% FHLMC; 20% CMO.
External Managed	1,347.1	0.0	0.0	0	
Treasury Bonds	<u>8,409.3</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Subtotal	42,313.0	2,525.3	2,525.3	6	%
International Fixed Income	<u>6,552.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Fixed Income	48,865.2	2,525.3	2,525.3	5 %	
TOTAL	<u>211,060.0</u>	<u>27,149.2</u>	<u>21,782.5</u>	<u>10</u> %	Outstanding commitments (column E/column C): 12.9%

¹ Total actual investments at market value and outstanding program commitments in California

Investment Committee
June 19, 2006

OPEN SESSION
Chief Investment Officer's / Assistant Executive Officer's Report
DISCLOSURE OF CLOSED SESSION ACTION ITEMS

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote
Closed March 13, 2006	Real Estate – CIM Real Estate Fund III	Approved investing \$700 million in CIM Real Estate Fund III L.P., subject to satisfactory negotiation of fees by staff.	Roll Call Vote: YES – Carlson, Diehr, Hiber, Green Ross, Quevedo, Shimada, Valdes NO – Berte, Feckner, Mathur, Navarro, Oliveira, Tom